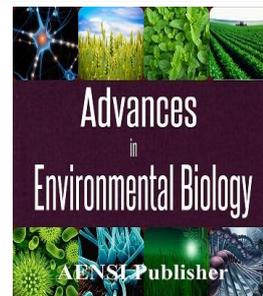




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Are Consumers Of Luxury Natural Products Concerned About Environmental Issues?

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ABSTRACT

In this current marketplace, where consumers are becoming increasingly health conscious, natural products are increasingly promoting environmental and health related issues to the customers with a promise to enhance their quality of life. For luxury natural products, this effort is growing ever more robust due to the assurance of product quality and consumer awareness of environmental issues. Despite the significant growth in the market for luxury natural products in Thailand, at present, little is known as to whether varying degrees of environmental and health consciousness will impact purchasing behavior. Data was collected from 325 Thai consumers in a capital city in Thailand using a purposive judgment sample. The results show that environmental and health consciousness does have positive and significant impacts on consumers' repurchase intention of luxury natural products. The empirical results and findings from this study will be valuable for business practitioners in the luxury natural products industry, to help formulate marketing strategies and facilitate industry development.

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INTRODUCTION

Environmental and health issues have been playing a vital role in the increase of the market share for natural products [1, 2]. At present, consumers are more concerned about living a healthier lifestyle [2], in which they believe natural products are better quality [3]. This has generated opportunities for many natural cosmetic companies to enter into the global market [4]. Interestingly, natural cosmetic products have not grown only in the low and medium markets, but also in the luxury market [1]. This is because the income levels of the middle classes in developing countries has increased dramatically [5]. The growth of the market is expected to climb to USD 90 billion in 2014 [6]. According to the literature it is noted that two main issues could influence consumers to purchase natural products; either health, or environmental consciousness issues [7]. Some may be more concerned about where they purchase the natural products for the benefit of themselves personally, while others might care more about the environment such as to minimize pollution and climate changes, thus they are therefore more focused on environment saving issues [8]. No matter the consumer's motivation for purchasing when it comes to luxury natural product purchasing, which has dominated the market due to its product quality and image, it is now certain that health and environment issues may influence the customer in the luxury natural product segment. Thus, in order to gain more understanding about the consumers who purchase luxury natural products and to design the product and market accordingly, it is important for businesses to distinguish consumer reactions toward these two issues. Hence, the current study aims to explore the determining issues affecting repurchase intentions within the context of luxury natural products.

Literature Review:

Environmental consciousness:

Environmental consciousness is defined as the consumer's responsibility toward environmental problems, which motivates them to purchase products that have less impact on the environment [9]. Environmental consciousness is one of the crucial factors in consumer purchasing behavior toward organic, healthy, and green products [8]. However the influence of environmental consciousness on luxury natural product purchasing

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remains unexplored. Therefore, this study believes that environmental consciousness has a positive impact on consumer intent to repurchase luxury natural products. This study therefore brings the following hypothesis.

H1. Environmental consciousness has a positive influence on repurchase intention.

Health Consciousness:

The Study of Load Bearing Masonry (LBM) System in a Developing Country

Health consciousness is a measure of an individual's readiness to take health actions, and refers to "the degree of readiness to undertake health actions" [10]. Health consciousness is a main predictor of consumer health consumption, and plays an important role in consumer purchases of organic foods [11, 12]. Several studies found that health consciousness impacts consumer purchasing behavior toward organic products [13, 14]. However this was not studied for luxury natural products. Therefore, it is highly relevant to presume that if consumers are concerned about their health, then they also have intentions to repurchase luxury natural products. This study brings the following hypothesis.

H2. Health consciousness has a positive influence repurchase intention.

Methodology:

Data was collected in Thailand by a self-administered consumer questionnaire survey. The participants were approached at street malls in Bangkok which is the capital city of Thailand. The screen questions were used to discover if the consumer fulfilled the criteria to participate in the study. The main criteria is that they have experience purchasing and using luxury natural skin care products during the last three years. There were 325 valid responses used for the empirical analysis. The instruments used to collect data for this study were adapted from previous studies with appropriate modifications made for the current study [15, 16]. Six items were used to measure environmental consciousness and six items used to measure health consciousness.

Partial Least Squares Structural Equation Modeling (PLS-SEM) was applied for current study. The measurement model related to three main variables. Environmental consciousness, health consciousness, and repurchase intention were tested for reliability and validity. To test the hypotheses, the structural model was employed.

RESULTS AND DISCUSSION

Measure validity and reliability:

The measurement model was tested using the PLS Algorithm to check the reliability and validity of the items. The results showed that 16 of the items had a main loading of more than 0.708, the composite reliability (CR) for all constructs ranged satisfactory as their values were above 0.70 which is in line with the statistic rules of thumb [17]. Thus, the result confirms internal consistency among the items for all constructs. Convergent validity assessment builds on the AVE values as the evaluation criterion. The results show that all constructs have AVE above 0.50, which means AVE, were satisfactory in terms of convergent validity [17]. Therefore, internal consistency and convergent validity of all measurement models are confirmed. Two approaches, namely cross loading and Fornell-Larcker criterion, were employed to assess discriminant validity. According to the results, discriminant validity was met for all constructs. The results are shown in Table 1 and 2.

Hypotheses testing and discussions:

Structural model analysis was employed to test the hypotheses with repurchase intention as the dependent variable and the proposed determinants of environmental and health consciousness. The results of the models are discussed next.

This study found that environmental consciousness had a positive and significant impact on repurchase intention ($\beta = 0.371$, $p = 0.01$). Thus, hypothesis 1 was supported. This finding is consistent with previous studies which found that environmental consciousness plays an important role in consumer intention to repurchase natural/organic product [18,19] Therefore; the current study concludes that environmental consciousness is an important factor in Thai consumer's intention to repurchase luxury natural products.

Health consciousness was found to have a positive and significant impact on repurchase intention ($\beta = 0.154$, $p = 0.01$). Thus, hypothesis 2 was supported. This finding is in line with previous studies which found a positive and significant relationship between health consciousness and consumer behaviour towards natural/organic products [18, 20]. Therefore, this finding justifies health consciousness as a factor that effects repurchase intention in the context of luxury natural skin care products. Table 3 shows the hypotheses testing results.

Table 1: Measurement model

Construct	Loading	CR	AVE
Environmental Consciousness (EC)	0.833 0.835 0.880 0.857 0.768 0.822	0.931	0.694
Health Consciousness (HC)	0.776 0.844 0.866 0.871 0.901 0.836	0.940	0.722
Repurchase Intention (RPI)	0.862 0.899 0.892 0.894	0.936	0.786

Note: CR = composite reliability;

Table 2: Fornell-Larher Criterion Analysis

EC	HC	RPI	
EC	0.833		
HC	0.331	0.850	
RPI	0.422	0.277	0.887

Note: * $p < .05$, ** $p < .01$

Table 3: Hypotheses testing

Hypotheses	Relationship	Beta	SE	t value	Decision
H1	EC -> RPI	0.371	0.050	7.419**	Supported
H2	HC -> RPI	0.154	0.052	2.934**	Supported

AVE = average variance extracted

Summary:

The results of current study indicate that environmental and health consciousness plays an important role in Thai consumer repurchase intention of luxury natural skin care products. The results show that environmental consciousness had the most significant positive effect on repurchase intention. This means that consumer environmental consciousness is the priority when they intend to repurchase luxury natural skin care products. Therefore, this study helps the business practitioners and marketers to gain a better understanding of this important behaviour and to design promotions, advertising and sales campaigns aimed towards the consumers with a greater environmental consciousness compared to health consciousness. This specific strategy is important to ensure their business is positioned well in the market and to enhance their long-term business performance. The research and development departments of these companies also must place more efforts towards improving products so that they support environmental well-being factors. Also, this progress should be progressively advertised to the consumer to enhance the brand and company image. However a sufficient amount of attention also should be given to health related issues in developing and marketing luxury products since it is also an important concern along with environmental concerns.

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